



**MINUTES**  
**MEETING NO. 022**  
**MEETING OF THE POLICE AND FIRE RETIREMENT SYSTEM**  
**INVESTMENT COMMITTEE**  
**MONDAY, SEPTEMBER 25, 2017**

A MEETING OF THE INVESTMENT COMMITTEE OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT WAS HELD ON **MONDAY, SEPTEMBER 25, 2017** IN THE CONFERENCE ROOM OF THE RETIREMENT SYSTEMS, 500 WOODWARD AVENUE, SUITE 3000, DETROIT, MICHIGAN 48226 |

ROLL CALL:

CHAIRMAN **SMITH** CALLED THE MEETING TO ORDER AT **10:09 A.M.** AND A QUORUM BEING PRESENT, ATTENDANCE WAS TAKEN BY RECORDING SECRETARY **JANET S. LENEAR**. THE FOLLOWING COMMITTEE AND STAFF MEMBERS WERE PRESENT: JOSEPH BOGDAHN, SEAN NEARY, ROBERT SKANDALARIS, CHAIRMAN ROBERT SMITH, GREGORY TROZAK, JOHN TUCKER, VICE CHAIRMAN MCCULLOUGH WILLIAMS, III, GENERAL COUNSEL RONALD A. KING, EXECUTIVE DIRECTOR DAVID CETLINSKI, CONSULTING DIRECTOR CYNTHIA A. THOMAS, CHIEF INVESTMENT OFFICER RYAN C. BIGELOW, INVESTMENT ANALYST KRISTI GRDEN, AND RECORDING SECRETARY JANET S. LENEAR

GUESTS PRESENT:

JOHN NAGLICK, CITY OF DETROIT FINANCE DIRECTOR AND EX/OFFICIO TRUSTEE OF THE POLICE AND FIRE AND GENERAL RETIREMENT SYSTEMS, POLICE AND FIRE RETIREMENT SYSTEM TRUSTEES JOSEPH ENGLISH AND JEFFREY PEGG AND KATHY COLIN, PRESIDENT OF THE NATIONAL ASSOCIATION OF SECURITIES PROFESSIONALS (NASP)

**MOTION #1 – SEPTEMBER 25, 2017: APPROVAL OF SEPTEMBER 25, 2017 AGENDA**

MOVED BY COMMITTEE MEMBER NEARY – SECONDED BY COMMITTEE MEMBER TUCKER: TO APPROVE TODAY'S **SEPTEMBER 25, 2017** AGENDA AS PREPARED AND PRESENTED BY THE COMMITTEE'S RECORDING SECRETARY. THE MOTION PASSED UNANIMOUSLY.

**MOTION #2 – SEPTEMBER 25, 2017: NOVEMBER 20, 2017 MEETING DATE RE-SCHEDULING**

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER WILLIAMS: THAT THE COMMITTEE'S **NOVEMBER 20, 2017** MEETING BE RE-SCHEDULED TO NOVEMBER 13, 2017 AND A NOTICE REFLECTING SAID RE-SCHEDULING BE POSTED ONLINE AND WITHIN THE OFFICES OF THE RETIREMENT SYSTEMS. THE MOTION PASSED UNANIMOUSLY.

**MOTION #3 – SEPTEMBER 25, 2017: APPROVAL OF JULY 24, 2017 MINUTES**

MOVED BY COMMITTEE MEMBER TROZAK – SECONDED BY COMMITTEE MEMBER WILLIAMS: THAT THE COMMITTEE'S **JULY 24, 2017** MINUTES BE APPROVED AS RECORDED AND SUBMITTED BY THE COMMITTEE'S RECORDING SECRETARY. THE MOTION PASSED UNANIMOUSLY.

**MOTION #4 – SEPTEMBER 25, 2017: APPROVAL OF AUGUST 4, 2017 SPECIAL MEETING MINUTES**

MOVED BY COMMITTEE MEMBER TROZAK – SECONDED BY COMMITTEE MEMBER WILLIAMS: THAT THE COMMITTEE'S **AUGUST 4, 2017** SPECIAL MEETING MINUTES BE APPROVED AS RECORDED AND SUBMITTED BY THE COMMITTEE'S RECORDING SECRETARY. THE MOTION PASSED UNANIMOUSLY.

**WILSHIRE ASSOCIATES**

**DAVID LINDBERG** PROVIDED THE COMMITTEE WITH A CAPITAL MARKET UPDATE.

COMMITTEE MEMBER **MARK DIAZ** ENTERED THE MEETING AT 10:20 A.M., AND COMMITTEE MEMBER **WOODROW TYLER** ENTERED AT 10:30 A.M.

**MR. LINDBERG** THEN DISCUSSED 2017 SECOND QUARTER AND JULY, 2017 MANAGER INVESTMENT PERFORMANCE, AND PROVIDED THE COMMITTEE WITH AN AUGUST, 2017 VALUATION ANALYSIS (CASH AND TREASURY BONDS; FIXED INCOME YIELDS; AND U.S. EQUITY AND DEVELOPED AND EMERGING MARKET VALUATIONS).

~CONCLUDES WILSHIRE'S PRESENTATION~

CHIEF INVESTMENT OFFICER'S REPORT

CHIEF INVESTMENT OFFICER **RYAN C. BIGELOW** INFORMED THE COMMITTEE THAT PLANTE MORAN'S AUDIT OF THE SYSTEM'S FINANCIAL STATEMENTS (WHICH INCLUDES COMPONENTS I AND II) AS OF AND FOR THE YEAR ENDED JUNE 30, 2017 IS NEARING COMPLETION. HE ALSO DISCUSSED STEWARD'S REAL ESTATE PARTNERS FUND I.

**MOTION #5 – SEPTEMBER 25, 2017: STEWARD REAL ESTATE PARTNERS FUND I**

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER TYLER: THAT THE COMMITTEE REAFFIRMS ITS JUNE 22, 2015 MOTION TO HAVE AMERICAN REALTY ADVISORS REPLACE STEWARD AS THE FUND'S GENERAL PARTNER. THE MOTION PASSED UNANIMOUSLY.

CHIEF INVESTMENT OFFICER'S REPORT - CONTINUED

PRIOR TO ASKING THE COMMITTEE TO ENTER INTO CLOSED SESSION TO DISCUSS PENDING LITIGATION REGARDING THE WESTIN BOOK CADILLAC, **MR. BIGELOW** DISCUSSED PRIVATE CREDIT (PERMIRA CREDIT SOLUTIONS, BENEFIT STREET PARTNERS AND COMVAST CAPITAL PARTNERS AND CHURCHILL).

**MOTION #6 – SEPTEMBER 25, 2017: ENTERING INTO CLOSED SESSION**

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER SKANDALARIS: THAT THE COMMITTEE ENTER INTO CLOSED SESSION FOR THE PURPOSE OF DISCUSSING PENDING LITIGATION RELATIVE TO THE WESTIN BOOK CADILLAC. A ROLL CALL VOTE WAS TAKEN, THE MOTION PASSED UNANIMOUSLY, AND THE COMMITTEE ENTERED INTO CLOSED SESSION AT **11:24 A.M.**

**MOTION #7 – SEPTEMBER 25, 2017: RETURNING TO OPEN SESSION**

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER TYLER: THAT THE COMMITTEE RETURN TO OPEN SESSION. THE MOTION PASSED UNANIMOUSLY, AND THE COMMITTEE RETURNED TO OPEN SESSION AT **12:35 P.M.**

~CONCLUDES CHIEF INVESTMENT OFFICER'S REPORT~

**MOTION #8 – SEPTEMBER 25, 2017: WESTIN BOOK CADILLAC**

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER SKANDALARIS: THAT THE COMMITTEE ACCEPTS AND APPROVES THE RCOMMENDATIONS OF ITS CHIEF INVESTMENT OFFICER AS DISCUSSED IN CLOSED SESSION THIS DATE. THE MOTION PASSED UNANIMOUSLY.

UHY

**MARLENE BEACH** PROVIDED THE COMMITTEE WITH A FINANCIAL REPORT UPDATE, FOCUSING ON THE SYSTEM'S FINANCIAL STATEMENTS, ACCOUNTING SOFTWARE AND BANK RECONCILIATIONS.

~CONCLUDES UHY'S PRESENTATION~

LEGAL REPORT

GENERAL COUNSEL **RONALD A. KING** DISCUSSED THE FOLLOWING MATTERS WITH THE COMMITTEE:

CHAPTER 9 COMPLIANCE

AUGUST 17, 2017 CORRESPONDENCE FROM STATE TREASURER **NICK A. KHOURI** TO GENERAL COUNSEL **RONALD A. KING** AGREEING TO THE PROPOSED APPOINTMENT OF **ROBERT SKANDALARIS** TO SUCCEED **REBECCA S. SORENSEN** AS AN INDEPENDENT MEMBER OF THE INVESTMENT COMMITTEE.

CITY OF DETROIT RETIREE PROTECTION TRUST FUND

JUNE 5, 2017 CORRESPONDENCE FROM THE CITY'S CHIEF FINANCIAL OFFICER TO THE HONORABLE CITY COUNCIL REGARDING THE CITY'S EFFORTS TO PLAN FOR ITS POST-2024 PENSION OBLIGATIONS. IN JULY OF THIS YEAR, THE HONORABLE CITY COUNCIL APPROVED THE CITY'S REQUEST TO ESTABLISH A RETIREE PROTECTION TRUST FUND.

LEGAL REPORT - CONTINUED

PFRS LEGAL INDEXES

COUNSEL **KING** PROVIDED EACH COMMITTEE MEMBER WITH COPIES OF THE POLICE AND FIRE BOARD'S AUGUST 3, 2017, AUGUST 17, 2017, SEPTEMBER 7, 2017 AND SEPTEMBER 21, 2017 MEETING INDEXES.

~CONCLUDES LEGAL REPORT~

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS BEFORE THE INVESTMENT COMMITTEE, CHAIRMAN **SMITH** ADJOURNED THE MEETING AT **12:50 P.M.** UNTIL **MONDAY, NOVEMBER 13, 2017**, AT **10:00 A.M.**, IN THE CONFERENCE ROOM OF THE RETIREMENT SYSTEMS, 500 WOODWARD AVENUE, SUITE 3000, DETROIT, MICHIGAN 48226.

RESPECTFULLY SUBMITTED,



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EXECUTIVE DIRECTOR

MINUTES PREPARED BY: JANET S. LENEAR, RECORDING SECRETARY

MINUTES REVIEWED BY: RYAN C. BIGELOW, CHIEF INVESTMENT OFFICER

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